



# STATE OF IOWA

CHESTER J. CULVER, GOVERNOR  
PATTY JUDGE, LT. GOVERNOR

DEPARTMENT OF MANAGEMENT  
Richard Oshlo, Jr., Director

November 4<sup>th</sup>, 2010

The Honorable Kraig Paulsen  
Republican Leader  
House of Representatives  
State Capitol  
Des Moines, IA 50319

Dear Representative Paulsen:

Governor Chet Culver has asked me to respond to your letter dated November 3, 2010 requesting that he direct his state department directors to freeze all discretionary spending until the Iowa Legislature convenes in January.

As you know, the current FY 2011 General Fund budget is balanced and, as Governor Culver's Administration announced last week, the projected ending balance or surplus will be higher than originally projected. Since the end of the 2011 legislative session, we have continued to replenish the State's Reserve Funds because we closed the books on the FY 2010 General Fund budget with a \$335.6 million ending balance, also higher than originally projected.

I know that Governor Culver shares your concern about keeping the state budget balanced and continuing to align ongoing revenues with ongoing expenditures. That is why he implemented a 1.5 percent across-the-board reduction in FY 2009; a 10 percent across-the-board reduction in FY 2010; proposed and signed Executive Orders 20 and 26 and SF 2088 to reduce unnecessary spending by making state government more efficient; and proposed and signed the State Early Retirement Incentive Program. Since Fall of 2008, the governor has reduced discretionary spending by maintaining controls on out-of-state travel, association memberships, equipment purchases, and the filling of vacancies. As a result of these actions, the FY 2011 budget is smaller than the FY 2007 budget.

Discretionary spending is a very small part of the General Fund budget, and the aforementioned controls apply to discretionary spending. Governor Culver does not have the authority to freeze appropriations for programs unless there is a deficit, and there is no deficit projected for FY 2011.

Governor Culver and his Administration pledge to work with the incoming Administration and both the Iowa State Senate and the Iowa House of Representatives to ensure an orderly transition and still maintain the essential services of state government.

Sincerely,

Richard Oshlo  
Director

cc: Governor-Elect Branstad  
Sen. Jack Kibbe  
Sen. Mike Gronstal  
Speaker Pat Murphy

Rep. Kevin McCarthy  
Sen. Paul McKinley  
Glen Dickinson  
Holly Lyons